1943

NINETIETH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1943

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THE CLEVELAND PUBLIC LIBRARY

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term expires 1944

RALPH BUDD ..... CHICAGO
CHARLES E. DENNEY..... ST. PAUL
FRANK J. GAVIN..... ST. PAUL

Term expires 1945

HERBERT M. BUSHNELL..... OMAHA
EDWARD FLYNN ..... CHICAGO
R. DOUGLAS STUART..... CHICAGO

Term expires 1946

JAMES CHARLES JAMES..... CHICAGO
CHARLES I. STURGIS..... CHICAGO
WALLACE C. WINTER..... CHICAGO

EXECUTIVE COMMITTEE

RALPH BUDD ..... CHAIRMAN

CHARLES E. DENNEY
EDWARD FLYNN
FRANK J. GAVIN
JAMES CHARLES JAMES
R. DOUGLAS STUART
WALLACE C. WINTER

GENERAL OFFICERS

RALPH BUDD ..... *President, Chicago*
EDWARD FLYNN ..... *Executive Vice President, Chicago*
LAWRENCE R. CAPRON..... *Vice President, Chicago*
JAMES CHARLES JAMES..... *Vice President and General Counsel, Chicago*
HERBERT W. JOHNSON..... *Vice President and Comptroller, Chicago*
KARL W. FISCHER..... *Assistant to President, Chicago*
THOMAS J. THOMAS..... *Assistant to President, Chicago*
HARRY C. MURPHY..... *Assistant Vice President, Chicago*
BERT VICKERY ..... *Treasurer and Assistant Secretary, Chicago*
EDITH JARVIS ALDEN..... *Secretary, Assistant Treasurer, and Transfer Agent, Chicago*
ARTHUR D. McLANE..... *Assistant Secretary, Chicago*
WALTER McFARLAND ..... *Assistant General Counsel, Chicago*
ELDON MARTIN ..... *General Solicitor, Chicago*
SHIRLEY L. PORTER..... *General Auditor, Chicago*
HERBERT R. CLARKE..... *Chief Engineer, Chicago*
WILLIAM W. HENDERSON..... *Transfer Agent, Chicago*

NICHOLAS STOCKHAMMER..
HARRY F. SMITH..... } *Fiscal Agents, 2 Wall Street, New York*

WILLIAM H. VANDERCAR....
GRACE W. WINTERS..... } *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... } *Fiscal Agent and Transfer Agent, State and Congress Streets, Boston, Mass.*

The above were Directors and Officers as of December 31, 1943.

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1943:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1943	RAILWAY OPERATING REVENUES	1942	Percent of Ry. Oper. Revenue
76.22	$ 166,123,158.97	Freight	$ 131,770,822.70	79.72
15.11	32,923,899.97	Passenger	19,100,283.26	11.56
2.41	5,242,312.21	Mail	4,606,722.49	2.78
2.01	4,375,446.76	Express	3,057,829.00	1.85
1.81	3,937,727.34	All other transportation	2,940,418.61	1.78
2.11	4,597,639.82	Incidental	3,251,751.60	1.97
.33	752,297.72	Joint facility	561,497.58	.34
100.00	$ 217,952,482.79	Total railway operating revenues	$ 165,289,325.24	100.00
		RAILWAY OPERATING EXPENSES		
13.69	$ 29,835,735.51	Maintenance of way and structures	$ 21,025,234.96	12.72
12.94	28,195,666.16	Maintenance of equipment	24,106,233.40	14.59
1.52	3,300,437.51	Traffic	3,009,617.68	1.82
25.60	55,805,742.86	Transportation	46,267,051.38	27.99
1.28	2,800,034.33	Miscellaneous operations	2,093,874.03	1.27
1.66	3,621,719.97	General	2,913,684.83	1.76
56.69	$ 123,559,336.34	Total railway operating expenses	$ 99,415,696.28	60.15
43.31	$ 94,393,146.45	Net revenue from railway operations	$ 65,873,628.96	39.85
	$ 55,573,643.74	Railway tax accruals	$ 26,192,996.34	
	$ 38,819,502.71	Railway operating income	$ 39,680,632.62	
	Dr. 1,172,357.24	Hire of equipment—Net	Dr. 227,948.62	
	Dr. 1,884,658.04	Joint facility rents—Net	Dr. 2,279,000.76	
	$ 35,762,487.43	Net railway operating income	$ 37,173,683.24	
		OTHER INCOME		
	$ 769,270.76	Miscellaneous rent income	$ 790,588.44	
	742,432.96	Dividends and miscellaneous interest	557,536.50	
	26,691.29	Miscellaneous income	28,207.21	
	$ 1,538,395.01	Total other income	$ 1,376,332.15	
	$ 37,300,882.44	Total income	$ 38,550,015.39	
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
	$ 77,928.92	Miscellaneous rents	$ 91,582.90	
	8,960.76	Separately operated properties—Loss	5,719.79	
	13,986.65	Miscellaneous income charges	5,345.00	
	$ 100,876.33	Total miscellaneous deductions	$ 102,647.69	
	$ 37,200,006.11	Income available for fixed charges	$ 38,447,367.70	
		FIXED CHARGES		
	$ 95,867.60	Rent for leased roads and equipment	$ 91,570.05	
	8,708,549.76	Interest on funded debt	9,268,118.69	
	15,161.50	Interest on unfunded debt	290,672.57	
	149,163.27	Amortization of discount on funded debt	150,086.68	
	$ 8,968,742.13	Total fixed charges	$ 9,800,447.99	
	$ 28,231,263.98	Income after fixed charges	$ 28,646,919.71	
		DISPOSITION OF NET INCOME		
	$ 5,125,161.00	Dividend appropriations of income	$ 5,125,161.00	
	$ 23,106,102.98	Balance of income transferred to earned surplus	$ 23,521,758.71	

Excess profits taxes accrued in 1943, $28,570,185.00. None in 1942.

STATISTICS OF OPERATIONS

ITEMS	1943	1942
Average mileage of road operated	9,029.56	9,077.68
Actual miles road operated, end of year	9,023.91	9,040.32
TRAIN-MILES		
Freight	17,916,305	16,665,178
Passenger	14,370,760	14,337,586
Total transportation service	32,287,065	31,002,764
Work service	322,045	233,581
LOCOMOTIVE-MILES		
Freight	19,527,785	18,150,902
*Passenger	12,429,929	12,063,630
Train and yard switching	8,175,380	7,746,307
Total transportation service	40,133,094	37,960,839
Work service	769,653	641,426
CAR-MILES		
Loaded freight cars	624,230,017	552,273,186
Empty freight cars	330,913,117	301,619,069
Sum of loaded and empty	955,143,134	853,892,255
Caboose	17,976,649	16,398,376
Total freight cars	973,119,783	870,290,631
Coach and combination passenger cars	37,094,254	29,552,213
Sleeping and parlor	32,402,154	27,468,271
Club, lounge, dining and observation	8,711,511	9,535,805
Other	37,948,090	36,536,572
Total passenger cars	116,156,009	103,092,861
Total transportation service	1,089,275,792	973,383,492
Work service	2,107,813	1,574,007
FREIGHT SERVICE		
Tons—revenue freight	55,896,010	49,260,890
Tons—revenue and non-revenue freight	62,519,775	55,876,532
Ton-miles—revenue freight	18,960,387,490	15,290,590,763
Ton-miles—revenue and non-revenue freight	20,760,193,000	17,060,262,000
PASSENGER SERVICE		
Passengers carried—revenue	14,372,456	11,274,951
Passenger miles—revenue	1,822,197,189	1,080,879,996

*Excludes mileage of combination motor passenger cars:

1943 — 2,250,499
1942 — 2,580,600

STATISTICS OF OPERATIONS—Continued

ITEMS	1943	1942
AVERAGES PER MILE OF ROAD		
Freight-train miles	2,028	1,877
Passenger-train miles	2,064	2,003
Transportation service train-miles	3,576	3,415
Transportation service locomotive-miles	4,445	4,182
Freight service car-miles	110,173	98,031
Passenger service car-miles	16,680	14,402
Freight revenue	$18,807.87	$14,837.79
Passenger service train revenue	$ 6,313.57	$ 3,801.54
Operating revenues	$24,137.66	$18,208.32
" expenses	$13,683.87	$10,951.66
Net operating revenue	$10,453.79	$ 7,256.66
Net railway operating income	$ 3,960.60	$ 4,095.06
Ton-miles—revenue freight	2,146,627	1,721,766
" " —all freight	2,350,395	1,921,036
Passenger-miles—revenue	261,663	150,995
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	34.84	33.14
Empty freight car-miles	18.47	18.10
Ton-miles—revenue freight	1,058.28	917.44
" " —all freight	1,158.73	1,023.71
Passenger train car-miles	8.08	7.19
Revenue passenger-miles	126.80	75.39
Freight revenue	$ 9.27	$ 7.91
Passenger service train revenue	$ 3.06	$ 1.90
Operating revenues	$ 6.75	$ 5.33
Operating expenses	$ 3.83	$ 3.20
Net operating revenue	$ 2.92	$ 2.13
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	30.37	27.69
" " —all freight	33.26	30.89
Freight revenue	$ .26612	$ .23860
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	26.80	19.49
Passenger revenue	$ .48420	$ .34446
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	339.21	310.40
" " —non-revenue freight	271.72	267.50
" " —all freight	332.06	305.32
" carried—revenue passengers	126.78	95.87
Revenue per ton of freight	$ 2.97200	$ 2.67496
" " ton-mile of freight	$ .00876	$ .00862
" " passenger	$ 2.29076	$ 1.69404
" " passenger-mile	$ .01807	$ .01767
Operating ratio	56.69	60.15

The railroads continued in 1943 to carry unprecedented traffic, both freight and passenger. Carloadings for the nation as a whole were about 1 per cent less than they were in 1942, but Burlington's carloadings increased 7.6 per cent. Due to the restrictions on gasoline and tires, and the large amount of military traffic and travel incident to it, Burlington passenger miles rose to a new high level, or 68.6 per cent above 1942.

Operating performance is indicated by the following statistics comparing 1943 with 1942, with 1938, last full year before the impact of the war, and with the largest previous year:

Year	Revenue Ton Miles	Freight Revenue	Average Rate Per Ton Mile (cents)
1943	18,960,387,490	$166,123,159	.876
1942	15,290,590,763	131,770,823	.862
1938	7,876,092,493	74,134,765	.941
Largest previous year	14,162,605,344 (1918)	130,306,484 (1920)	1.163 (1921)

Year	Revenue Passenger Miles	Passenger Revenue	Average Fare Per Passenger Mile (cents)
1943	1,822,197,189	$ 32,923,900	1.807
1942	1,080,879,996	19,100,283	1.767
1938	530,834,556	9,141,388	1.722
Largest previous year	1,346,972,542 (1919)	36,442,335 (1920)	3.141 (1921)

Year	Operating Expenses	Total Taxes	Average Yearly Wages Per Employe	Net Income After Fixed Charges
1943	$123,559,336	$55,573,644	$2,472	$28,231,264
1942	99,415,696	26,192,966	2,181	28,646,920
1938	67,087,220	9,061,509	1,852	3,641,763
Largest previous year	168,256,572* (1920)	12,025,394 (1929)	1,837 (1920)	32,994,726 (1916)

*Including reserve accruals of $6,951,886.

Locomotives, cars and track were kept in safe condition and the percentage of bad order equipment maintained at minimum levels. Shortage of manpower and lack of material prevented as much work being done as the heavy traffic would justify. During the year 170 special type box cars were built for the United States Navy.

The Chicago and North Western Railway Company began joint use of Burlington tracks between Illco and Shoshoni, Wyoming, a distance of 86.95 miles, on a perpetual contract giving full joint and equal possession and use.

Floods prevailed along the Mississippi River between Hannibal and St. Louis and along the Illinois River in the vicinity of Beardstown during the month of May. Substantial damage occurred between Orchard Farm and North St. Louis, which required driving two pile trestles, one 400 feet long and the other 550 feet long. Detouring of trains, restoration work, and additional protection between Hannibal and St. Louis and in the Beardstown area cost $1,380,476.

FINANCIAL:

During the year par amount of funded debt and equipment obligations was reduced $20,308,312, as follows:

Illinois Division Mortgage 3½% bonds purchased	$10,722,000
Illinois Division Mortgage 4% bonds purchased	5,662,000
Collateral Trust Notes retired	700,000
Equipment Trust of 1936, paid on principal	395,000
Equipment Trust of 1937, paid on principal	365,000
Equipment Trust of 1941, paid on principal	498,000
Equipment Conditional Sale Contracts reduced	1,966,312

In the two years 1942 and 1943 funded debt and equipment obligations were reduced $41,120,931.

Net income available for dividends amounted to $16.53 per share of capital stock. A dividend of $3.00 a share was paid in 1943, being the eighty-second consecutive year in which the Company has paid a dividend. Taxes accrued in 1943 were equal to $32.53 a share of capital stock.

At the close of 1943 the Company had $67,682,419 cash and cash assets, of which $31,128,550 was invested in United States Government securities, including tax notes.

RATE ADJUSTMENTS:

In the 1942 annual report attention was called to suspension by the Interstate Commerce Commission of increases in freight and passenger rates which had been authorized in February and March, 1942. On November 8, 1943, the Commission, concurred in by the railroads, again suspended application of the increased rates for six months from January 1, 1944.

WAGES:

The 1942 annual report also directed attention to wage increase demands of the operating and non-operating labor organizations. Negotiations being unsuccessful, the employes voted a strike to be called December 30, 1943. On December 27, 1943, the President, through the Secretary of War, took possession and assumed control of the nation's railroads. He stated that this action was necessary because of a threatened strike which would seriously affect wartime transportation by rail. The wage demands were settled by national agreement, the

strike orders were rescinded, and on January 18, 1944, the Secretary of War announced termination of government control and relinquished possession of the railroads.

The wage increase effective in 1943 amounted to approximately $5,600,000, substantially all of which was included in that year's accounts. Estimated annual increase in 1944 is $9,400,000.

TAXES:

Following is comparison of tax accruals for years 1943 and 1942:

	1943	1942
Federal Income	$44,028,670	$16,307,822
Railroad Retirement	2,426,347	1,832,581
Railroad Unemployment	2,244,249	1,833,305
Other Federal Taxes	1,141,958	692,062
State Taxes	5,732,420	5,527,226
Total Tax Accruals	$55,573,644	$26,192,996

PENSIONS:

In 1943 taxes to provide pensions for retired employes amounted to $2,426,347, in addition to which $93,263 supplementary pensions were paid. Administrative expenses amounted to $12,243.

RELIEF DEPARTMENT:

The annual report of the Relief Department (copy available on request) shows payments from the Relief Fund of $610,889 in disability and death benefits during the year.

A Group Hospital and Surgical Benefit Insurance Plan for employes was established on the Burlington June 1, 1943.

CAPITAL EXPENDITURES:

Net increase in Capital Account during the year was:

For road	Increase	$2,287,060
For equipment	Increase	475,739
For general	Decrease	7,300
Net increase		$2,755,499

Branch line abandonments during the year were:

	Miles
Alma, Neb., to Huntley, Neb.	9.74
Englewood, So. Dak., to Trojan, So. Dak.	6.43
Total	16.17

To expedite the handling of war traffic a hump yard with car retarder system was started at Lincoln, Nebraska.

At Burlington, Iowa, the passenger station, which was destroyed by fire, is being replaced with a new modern station and tracks were rearranged.

The Company spent approximately $8,223,285 during the year 1943 for equipment, improvements, extensions and rehabilitation work.

ADDITIONS TO EQUIPMENT:

Built in Company Shops:

50—29'3" 70-ton steel covered hopper cars.
250—34'3" 55-ton composite hopper cars.
250—40'9" 70-ton composite ore cars.
330—50'6" 50-ton steel sheathed box cars.

Converted in Company Shops:

8—Gas-electric motor cars to trailers.
3 as combination passenger-baggage-mail cars.
2 as combination passenger-baggage cars.
3 as baggage cars.
1—Combination passenger-baggage-mail to passenger-baggage car.
2—Combination passenger-baggage to dormitory-baggage cars.
3—Combination baggage-mail to baggage cars.
2—Lounge cars to chair cars.
2—Coach-dormitory cars to full coaches.
50—Box cars to box-way cars.

Purchased:

12—1000 h.p. Diesel-electric switching locomotives.
1—Business car (No. 95) purchased second hand from F. W. & D. C.

Five more 1000 h.p. Diesel-electric switching locomotives are on order, two of which will be received in January and three in March, 1944. Sixteen 5400 h.p. Diesel-electric freight road engines are on order, three of which will be delivered in February, 1944. It is expected that the remainder will be delivered during the year 1944.

AGRICULTURE:

Acreage planted to the various crops normally grown in Burlington states was adjusted in 1943 to meet war food requirements. This adjustment, together with favorable weather conditions, was largely responsible for an increase in corn production of 1.70 per cent over the high production in 1942. Likewise, potatoes increased 15.34 per cent, soybeans 8.56 per cent, and dry beans 68.63 per cent. Oat production decreased 8.38 per cent, barley 31.05 per cent, wheat 16.18 per cent, and sugar beets 32.23 per cent. Five sugar beet factories served by Burlington Lines did not operate in 1943. Two new potato dehydration plants for the manufacture of potato flour were established on

Burlington trackage in the North Platte Valley. The production of hemp, a war crop, was established in Illinois. Seven hemp decorticating plants were established at towns served by Burlington trackage and approximately 30,000 acres of hemp were planted. Expansion in soybean acreage resulted in a very active demand for soybean processing plants. Farm prices continued to advance during the year and farm income increased 22.0 per cent over the previous year to an all-time high level. Outstanding farm loans continued to decline.

Due to unusually heavy demands for feed and food products, grains in storage at the close of the year declined sharply. Wheat estimated to be in storage in interior mills and elevators decreased 47.61 per cent under the heavy storage on December, 1942, and wheat stocks on farms decreased 32.14 per cent. Corn stocks declined 10.58 per cent, and oats 13.71 per cent. Cattle on farms increased 3.79 per cent, swine 13.04 per cent, while sheep and lambs decreased 6.47 per cent.

Plantings of winter wheat in Burlington states for harvest in 1944 increased 16.0 per cent, but due to unfavorable weather, its condition is estimated at 52.0 per cent of normal compared to 90.0 per cent at this time last year.

BURLINGTON TRANSPORTATION COMPANY:

Bus Division	1943	1942
Highway miles operated	8,250	8,104
Bus miles operated	20,059,995	16,580,120
Gross revenue	$7,870,921	$4,944,918
Operating expenses	$4,375,331	$3,065,800
Taxes	$2,633,493	$1,438,702
Net income	$ 818,062	$ 440,647

Truck Division		
Highway miles operated	4,962	4,962
Truck miles operated	7,472,936	6,505,527
Gross revenue	$1,756,927	$1,580,001
Operating expenses	$1,474,903	$1,343,378
Taxes	$ 249,224	$ 198,298
Net income	$ 16,664	$ 25,506

In 1943 the combined operation resulted in federal income and excess profits taxes of $2,475,510, subject to a post-war refund of $240,399.

It is with deep regret that the Directors record the death on July 16, 1943, of Grenville Kane, who was a Director and a member of the Executive Committee since 1928.

By order of the Board of Directors.

RALPH BUDD, President

INVESTMENT IN ROAD AND EQUIPMENT
CURRENT YEAR

Account		Additions and Betterments
Engineering		$ 67,808.74
Land for transportation purposes	Cr.	599,202.96
Other R. O. W. expenditures		2,647.84
Grading		126,319.92
Tunnels and subways		13,036.92
Bridges, trestles and culverts		267,372.52
Ties		89,097.16
Rails		248,193.55
Other track material		372,949.77
Ballast		275,936.83
Track laying and surfacing		150,033.08
Fences, snow sheds and signs	Cr.	4,296.16
Crossings and signs	Cr.	2,792.66
Station and office buildings		103,548.93
Roadway buildings		21,168.53
Water stations		95,320.60
Fuel stations		63,605.55
Shops and engine houses		440,565.09
Telegraph and telephone lines		24,693.78
Signals and interlockers		290,689.78
Power plants	Cr.	7,476.47
Power transmission systems		15,150.06
Miscellaneous structures		22,138.72
Roadway machines		107,221.70
Roadway small tools		6,819.78
Public Improvements—Construction		36,226.47
Shop machinery		47,783.26
Power plant machinery		12,499.93
Total expenditures for road		$2,287,060.26
Steam locomotives		$ 77,546.86
Other locomotives		652,762.46
Freight-train cars	Cr.	502,006.89
Passenger-train cars	Cr.	270,724.06
Work equipment		494,299.95
Miscellaneous equipment		23,860.74
Total expenditures for equipment		$ 475,739.06
Organization expenses	Cr.	$ 6.36
General officers and clerks	Cr.	267.14
Law	Cr.	133.57
Stationery and printing	Cr.	19.08
Taxes	Cr.	139.93
Interest during construction	Cr.	6,664.09
Other expenditures—General	Cr.	69.96
Total general expenditures	Cr.	$ 7,300.13
Grand total		$2,755,499.19

"Cr."—Credits due to retirements.

EQUIPMENT

CLASS	Number on Dec. 31, 1942	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1943	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	956	.....	5	951	.....
Other locomotives	68	12	1	79	.....
Total locomotives	1,024	12	6	1,030	Lbs. 51,377
Freight-train cars—Box cars	24,123	337	562	23,898	.....
Flat cars	1,770	.....	102	1,668	.....
Stock cars	3,465	.....	8	3,457	.....
Gondola and Hopper (Open and closed tops)	14,486	300	169	14,617	.....
Caboose cars	564	67	7	624	.....
All classes of freight-train cars	44,408	704	848	44,264	Tons 44.38
Pass.-train cars—Coaches	353	2	10	345	.....
Combination coach cars	51	5	.....	56	.....
Parlor cars	2	.....	.....	2	.....
Dining cars	31	.....	.....	31	.....
Club, lounge and observation cars	6	.....	2	4	.....
Postal cars	31	.....	.....	31	.....
Baggage, express and other nonpassenger cars	281	3	4	280	.....
Total	755	10	16	749	.....
Passenger rail motor cars: Combination coach cars	19	.....	3	16	.....
Other passenger-train rail motor cars	19	.....	4	15	.....
Total	38	.....	7	31	.....
Number of articulated Zephyr trains	6	.....	.....	6	.....
Cars in articulated trains:‡ Coaches	10	.....	.....	10	.....
Combination coach cars	12	.....	.....	12	.....
Parlor and sleeping cars	4	.....	.....	4	.....
Other passenger-train cars	10	.....	.....	10	.....
Total	36	.....	.....	36	.....
All classes of pass.-train cars	829	10	23	816	.....
Company service equipment: Officers' and business cars	14	1	.....	15	.....
Ballast cars	1,090	256	41	1,305	.....
Derrick cars	4	.....	.....	4	.....
Steam shovels	3	.....	2	1	.....
Wrecking cars	18	.....	.....	18	.....
Other company service cars	2,713	407	253	2,867	.....
All classes of co. service cars	3,842	664	296	4,210	.....
All classes of cars in service	49,079	1,378	1,167	49,290	.....

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1942	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1943
Freight-refrigerator cars*	1,768	.....	9	1,759
Freight-stock cars†	200	.....	1	199
Passenger-refrigerator cars*	30	.....	.....	30
Zephyr train-cars#	4	.....	.....	4
Denver Zephyr-sleeping cars §	10	.....	.....	10

‡10 cars not articulated.
*Leased to Burlington Refrigerator Express Company.
†Leased to Fort Worth and Denver City Railway Company.
#Leased to Burlington-Rock Island Railroad Company.
§Leased to Pullman Company.

GENERAL BALANCE SHEET

December 31, 1943

ASSETS

Investments:		
Road and equipment property		$621,641,820.98
Improvements on leased property		122,409.80
Donations and grants*		Cr. 2,222,499.03
Deposits in lieu of mortgaged property sold		114,276.00
Miscellaneous physical property		6,410,781.35
Investments in affiliated companies:		
Stocks	$26,554,643.95	
Unsecured notes	4,396,309.31	
Investment advances	6,498,786.33	
		37,449,739.59
Other investments:		
Stocks	$ 3,694,995.27	
Bonds	5,236,331.25	
Other secured obligations	83,367.65	
Unsecured notes	52,581.47	
Investment advances	825.00	
		9,068,100.64
Total investments (capital assets)		$672,584,629.33
Current assets:		
Cash	$36,144,818.67	
Temporary cash investments	26,474,049.57	
Special deposits	753,157.12	
Loans and bills receivable	1,600.00	
Net balance receivable from agents and conductors	2,489,617.25	
Miscellaneous accounts receivable	14,563,192.81	
Material and supplies	15,215,904.33	
Interest and dividends receivable	177,728.75	
Rents receivable	23,554.74	
Other current assets	479,668.76	
Total current assets		96,323,292.00
Deferred assets:		
Working fund advances	$ 81,483.78	
Other deferred assets	304,902.04	
Total deferred assets		386,385.82
Unadjusted debits:		
Insurance premiums paid in advance	$ 114,417.08	
Discount on funded debt	3,395,315.51	
Other unadjusted debits	8,894,589.25	
Total unadjusted debits		12,404,321.84
Grand total		$781,698,628.99

*Transferred from surplus, I. C. C. order effective January 1, 1943.

GENERAL BALANCE SHEET

December 31, 1943

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Long-term debt:		
Funded debt unmatured (See Page 18):		
Total book liability	$231,020,000.00	
Less held by or for the company	37,100,000.00	
		193,920,000.00
Equipment obligations (See Pages 18 and 19)		16,517,445.88
Amounts payable to affiliated companies		123,275.41
Total long-term debt outstanding		$210,560,721.29
Current liabilities:		
Traffic and car service balances—Net	$ 1,966,836.23	
Audited accounts and wages payable	9,519,606.10	
Miscellaneous accounts payable	322,566.89	
Interest matured unpaid	707,666.37	
Unmatured interest accrued	2,309,377.94	
Accrued tax liability	51,308,601.77	
Other current liabilities	5,782,407.38	
Total current liabilities		71,917,062.68
Deferred liabilities:		
Other deferred liabilities		609,051.71
Unadjusted credits:		
Premium on funded debt	$ 16,897.73	
Insurance and casualty reserves	1,392,996.20	
Accrued amortization of defense projects—		
Road	265,441.09	
Equipment	4,503,498.84	
Accrued depreciation—Road and equipment	95,202,909.10	
Other unadjusted credits	3,721,492.65	
Total unadjusted credits		105,103,235.61
Surplus:		
Unearned surplus	$ 249,858.73	
Appropriated surplus	48,025,460.10	
Earned surplus	174,394,138.87	
Total surplus		222,669,457.70
Grand total		$781,698,628.99

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	3%	Dec. 23	$5,125,161.00
FUNDED DEBT UNMATURED									
Illinois Division Mortgage	July 1, 1899	July 1, 1949	$ 50,835,000	$ 39,993,000	$ 6,882,000	$ 33,111,000	3½	J. & J.	$1,272,031.49
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	25,513,000	1,851,000	23,662,000	4	J. & J.	1,073,047.29
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	† 28,167,000	65,247,000	4	M. & S.	2,609,880.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	40,000,000	40,000,000	.....	40,000,000	5	F. & A.	2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	200,000	29,800,000	4½	F. & A.	1,341,000.00
Serial Collateral Trust Notes	Dec. 1, 1936	$700,000 Dec. 1 each year to 1946	7,000,000	2,100,000	.....	2,100,000	2¼	J. & D.	61,687.50
Total Funded Debt Unmatured	.....	.....	$255,414,000	$231,020,000	$ 37,100,000	$193,920,000	.....	.....	$8,357,646.28
EQUIPMENT TRUST OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	$395,000 May 1 each year to 1946	$ 3,950,000	$ 1,185,000	.....	$ 1,185,000	2½	M. & N.	$ 32,916.66
Equipment Trust of 1937	Oct. 1, 1937	$365,000 Oct. 1 each year to 1947	3,650,000	1,460,000	.....	1,460,000	2½	A. & O.	43,343.75
Equipment Trust of 1941	Aug. 1, 1941	§	9,387,000	2,494,000	.....	2,494,000	1½	F. & A.	41,767.50

CONDITIONAL SALE CONTRACTS									
National Bank of Detroit	Apr.29, 1940	Monthly to Nov. 1948	$ 592,806	$ 360,162	.....	$ 360,162	1¾	1st of each month	$ 6,862.30
Harris Trust and Savings Bank, Chicago	Aug.28, 1940	Quarterly to Sept. 1950	2,444,117	1,734,230	.....	1,734,230	2¼	1st of each quarter	42,155.72
National Bank of Detroit	Dec.19, 1940	Monthly to Feb. 1951	2,277,453	1,669,268	.....	1,669,268	1⅝	1st of each month	28,752.92
Manufacturers Trust Co., New York	Feb.28, 1941	Monthly to May 1951	815,098	616,436	.....	616,436	2	19th of each month	13,163.76
The Northern Trust Co., Chicago and S. A. Weaver	Mar. 8, 1941	Monthly to Dec. 1949	5,142,510	3,849,723	.....	3,849,723	1¾	1st of each month	72,551.65
First National Bank of Chicago	May 1, 1941	Quarterly to May 1948	5,404,948	3,148,627	.....	3,148,627	2	1st of each quarter	69,389.22
Total Equipment Obligations			$ 33,663,932	$ 16,517,446	.....	$ 16,517,446			$ 350,903.48
Total Funded Debt and Equipment Obligations			$289,077,932	$247,537,446	$ 37,100,000	$210,437,446			$8,708,549.76

*Includes $400 scrip on which no dividends are paid.

†Includes $18,294,000 bonds pledged under First and Refunding Mortgage, $3,250,000 bonds pledged as collateral security for Serial Collateral Trust Notes and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to January 1, 1955.

§$498,000 August 1, 1944 and $499,000 August 1, 1945 to 1948 inclusive.

Payments on principal of bonds, collateral trust notes and equipment obligations during the year amounted to $20,308,312 (See Page 9).

DESCRIPTION OF MORTGAGES

(*For detail see page* 18)

Illinois Division Mortgage

This mortgage is a first lien on 1,600.60 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and certain points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

$10,722,000 3½% bonds and $5,662,000 4% bonds reacquired during year; $4,501,000 3½% bonds and $4,000,000 4% bonds cancelled, and $6,221,000 3½% bonds and $1,662,000 4% bonds held by the company.

General Mortgage

This mortgage is a lien on 7,901.26 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers	7,901.26
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,600.60

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No provision in mortgage for redemption of bonds.

No Change in Amount Outstanding During Year

First and Refunding Mortgage

This mortgage is a lien on 8,383.77 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above.

	Miles
The Mortgage covers	8,383.77
Of which there are subject to prior liens	
Of the Illinois Division Mortgage and the General Mortgage	1,600.60
Of the General Mortgage only	6,300.66

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage Bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the Company on sixty days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Colorado	395.43	.47	.....	.....	167.31	563.21
Illinois	1,615.46	388.39	40.89	5.43	1,043.64	3,093.81
Iowa	1,154.82	249.62	.....	.....	300.35	1,704.79
Kansas	221.83	.....	.....	.....	23.26	245.09
Minnesota	23.09	2.71	.....	.....	37.76	63.56
Missouri	1,167.97	112.82	.....	.....	389.05	1,669.84
Montana	134.36	.....	.....	.....	47.99	182.35
Nebraska	2,707.54	29.53	.....	.....	770.07	3,507.14
South Dakota	168.16	.....	.....	.....	57.32	225.48
Wisconsin	220.25	212.85	.....	.....	61.21	494.31
Wyoming	677.78	.....	.....	.....	222.27	900.05
Total	8,486.69	996.39	40.89	5.43	3,120.23	12,649.63
Operated under lease or contract	537.22	125.72	.76	.76	407.53	1,071.99
Grand Total	9,023.91	1,122.11	41.65	6.19	3,527.76	13,721.62

*Includes yard tracks and sidings owned but not operated as follows: Illinois 1.11 miles, Iowa .71 mile, total 1.82.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1943	1942	Increase	Decrease
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight	$ 166,123,158.97	$ 131,770,822.70	$ 34,352,336.27	
Passenger	32,923,899.97	19,100,283.26	13,823,616.71	
Baggage	48,652.51	34,158.77	14,493.74	
Parlor and chair car	129,734.29	94,357.23	35,377.06	
Mail	5,242,312.21	4,606,722.49	635,589.72	
Express	4,375,446.76	3,057,829.00	1,317,617.76	
Other passenger-train	1,017,458.93	102,480.49	914,978.44	
Milk	229,567.60	217,094.84	12,472.76	
Switching	2,512,314.01	2,492,327.28	19,986.73	
Total	$ 212,602,545.25	$ 161,476,076.06	$ 51,126,469.19	
INCIDENTAL:				
Dining and buffet	$ 2,250,212.38	$ 1,323,194.09	$ 927,018.29	
Hotel and restaurant	123,926.44	91,505.46	32,420.98	
Station and train privileges	48,446.23	38,228.22	10,218.01	
Parcel room	5,562.61	1,489.90	4,072.71	
Storage—Freight	13,399.06	15,547.75		$ 2,148.69
Storage—Baggage	9,097.38	4,282.88	4,814.50	
Demurrage	378,917.00	320,377.14	58,539.86	
Telegraph and telephone	203,677.53	170,685.87	32,991.66	
Stockyard	484,457.63	365,703.58	118,754.05	
Power	100,538.37	86,332.71	14,205.66	
Rents of buildings and other property	236,926.45	229,867.33	7,059.12	
Miscellaneous	742,478.74	604,536.67	137,942.07	
Total	$ 4,597,639.82	$ 3,251,751.60	$ 1,345,888.22	
Joint facility—Cr.	$ 760,553.66	$ 568,338.29	$ 192,215.37	
Joint facility—Dr.	Dr. 8,255.94	Dr. 6,840.71		$ 1,415.23
Total	$ 752,297.72	$ 561,497.58	$ 190,800.14	
Total railway operating revenues	$ 217,952,482.79	$ 165,289,325.24	$ 52,663,157.55	

RAILWAY OPERATING EXPENSES—				
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$ 1,597,217.04	$ 1,373,634.53	$ 223,582.51	
Roadway maintenance	3,131,006.84	1,340,857.73	1,790,149.11	
Tunnels and subways	16,114.72	13,913.46	2,201.26	
Bridges, trestles and culverts	724,924.27	655,408.71	69,515.56	
Ties	3,434,509.40	3,553,756.00		$ 119,246.60
Rails	543,142.33	634,649.62		91,507.29
Other track material	1,186,571.47	1,212,677.00		26,105.53
Ballast	508,835.67	416,999.03	91,836.64	
Track laying and surfacing	7,945,762.75	5,814,806.16	2,130,956.59	
Fences, snow sheds and signs	283,136.92	207,699.62	75,437.30	
Station and office buildings	1,521,131.47	967,714.64	553,416.83	
Roadway buildings	148,211.96	106,389.28	41,822.68	
Water stations	320,169.92	351,830.45		31,660.53
Fuel stations	166,076.87	151,787.41	14,289.46	
Shops and engine houses	1,039,867.05	1,003,393.39	36,473.66	
Wharves and docks	1,446.20	1,785.99		339.79
Telegraph and telephone lines	76,661.28	83,412.64		6,751.36
Signals and interlockers	796,809.04	1,010,673.18		213,864.14
Power plants	21,300.97	44,849.56		23,548.59
Power-transmission systems	33,036.71	68,596.82		35,560.11
Miscellaneous structures	26,998.46	44,761 45		17,762.99
Roadway machines	164,998.94	215,184.56		50,185.62
Dismantling retired road property	163,877.15		163,877.15	
Small tools and supplies	269,931.94	255,556.16	14,375.78	
Removing snow, ice and sand	252,833.73	214,964.86	37,868.87	
Public improvements — Maintenance	224,665.18	208,542.15	16,123.03	
Injuries to persons	225,211.05	129,392.69	95,818.36	
Insurance	42,721.50	30,130.69	12,590.81	
Stationery and printing	27,120.31	20,387.34	6,732.97	
Other expenses	19,996.94	170,547.42		150,550.48
Maintaining joint tracks, yards and other facilities–Dr.	1,321,573.31	921,448.46	400,124.85	
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 514,336.04	Cr. 241,674.58		272,661.46
Right-of-way expenses	394.49	398.00		3.51
Total excluding depreciation, retirements and amortization	$ 25,721,919.84	$ 20,984,474.42	$ 4,737,445.42	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1943	1942	Increase	Decrease
MAINTENANCE OF WAY AND STRUCTURES—Continued				
Road property—Depreciation	$ 2,986,232.64		$ 2,986,232.64	
Retirements—Road	908,511.49		908,511.49	
Road—Amortization of defense projects	219,071.54	$ 40,760.54	178,311.00	
Total depreciation, retirements and amortization	$ 4,113,815.67	$ 40,760.54	$ 4,073,055.13	
Total maintenance of way and structures	$ 29,835,735.51	$ 21,025,234.96	$ 8,810,500.55	
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 840,499.12	$ 721,197.50	$ 119,301.62	
Shop machinery	635,119.62	815,436.89		$ 180,317.27
Power-plant machinery	133,126.80	129,476.96	3,649.84	
Dismantling retired shop and power plant machinery	2,510.12		2,510.12	
Steam locomotives—Repairs	7,580,819.74	5,368,208.92	2,212,610.82	
Other locomotives—Repairs	836,955.56	653,459.35	183,496.21	
Freight-train cars—Repairs	6,960,527.03	6,308,457.99	652,069.04	
Passenger-train cars—Repairs	2,339,580.32	1,930,368.81	409,211.51	
Work equipment—Repairs	535,616.18	437,091.52	98,524.66	
Miscellaneous equipment—Repairs	15,163.32	10,742.45	4,420.87	
Dismantling retired equipment	12,368.11	23,818.92		11,450.81
Injuries to persons	141,123.12	106,807.80	34,315.32	
Insurance	80,331.24	65,240.99	15,090.25	
Stationery and printing	14,296.34	11,870.76	2,425.58	
Other expenses	32,341.63	277,863.87		245,522.24
Joint maintenance of equipment expenses—Dr.	261,390.55	194,440.07	66,950.48	
Joint maintenance of equipment expenses—Cr.	Cr. 17,901.48	Cr. 32,290.84	14,389.36	
Total excluding depreciation and amortization	$ 20,403,867.32	$ 17,022,191.96	$ 3,381,675.36	
Shop and power-plant machinery—Depreciation	$ 211,440.66		$ 211,440.66	
Equipment—Depreciation	5,255,274.60	$ 5,194,115.04	61,159.56	
Equipment—Amortization of defense projects	2,325,083.58	1,889,926.40	435,157.18	
Total depreciation and amortization	$ 7,791,798.84	$ 7,084,041.44	$ 707,757.40	
Total maintenance of equipment	$ 28,195,666.16	$ 24,106,233.40	$ 4,089,432.76	

TRAFFIC				
Superintendence	$ 1,027,731.12	$ 909,132.49	$ 118,598.63	
Outside agencies	1,532,041.04	1,457,425.97	74,615.07	
Advertising	456,805.42	352,189.67	104,615.75	
Traffic associations	89,702.12	88,241.64	1,460.48	
Industrial and immigration bureaus	35,859.64	37,768.78		$ 1,909.14
Insurance	433.33	121.16	312.17	
Stationery and printing	157,687.48	154,481.03	3,206.45	
Other expenses	177.36	10,256.94		10,079.58
Total traffic	$ 3,300,437.51	$ 3,009,617.68	$ 290,819.83	
TRANSPORTATION				
Superintendence	$ 1,420,464.13	$ 1,146,394.82	$ 274,069.31	
Dispatching trains	766,159.26	621,595.48	144,563.78	
Station employes	8,444,892.18	6,764,466.96	1,680,425.22	
Weighing, inspection and demurrage bureaus	189,052.56	191,826.07		$ 2,773.51
Station supplies and expenses	471,495.28	407,226.20	64,269.08	
Yardmasters and yard clerks	1,282,157.93	1,025,711.71	256,446.22	
Yard conductors and brakemen	3,952,798.96	3,481,425.20	471,373.76	
Yard switch and signal tenders	250,270.30	196,779.26	53,491.04	
Yard enginemen	1,957,348.69	1,700,139.88	257,208.81	
Yard motormen	707,713.73	641,263.00	66,450.73	
Yard switching fuel	839,429.64	726,260.97	113,168.67	
Water for yard locomotives	119,694.60	108,808.34	10,886.26	
Lubricants for yard locomotives	49,557.24	39,034.57	10,522.67	
Other supplies for yard locomotives	36,383.94	30,665.03	5,718.91	
Engine-house expenses—Yard	420,818.85	362,012.29	58,806.56	
Yard supplies and expenses	84,918.03	70,918.29	13,999.74	
Operating joint yards and terminals—Dr	2,854,905.61	2,149,299.88	705,605.73	
Operating joint yards and terminals—Cr	Cr. 234,014.14	Cr. 212,148.00		21,866.14
Train enginemen	6,142,953.93	5,368,340.93	774,613.00	
Train motormen	744,711.18	791,981.16		47,269.98
Train fuel	7,034,222.50	5,914,607.50	1,119,615.00	
Water for train locomotives	575,178.42	469,131.54	106,046.88	
Lubricants for train locomotives	255,997.42	225,074.70	30,922.72	
Other supplies for train locomotives	130,641.22	98,455.20	32,186.02	
Engine-house expenses—Train	1,699,008.52	1,190,554.16	508,454.36	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1943	1942	Increase	Decrease
TRANSPORTATION—Continued				
Trainmen	$ 7,808,989.91	$ 6,950,871.87	$ 858,118.04	
Train supplies and expenses	4,000,987.67	2,787,366.47	1,213,621.20	
Signal and interlocker operation	489,982.97	451,809.69	38,173.28	
Crossing protection	476,680.42	417,519.89	59,160.53	
Drawbridge operation	31,378.65	22,540.11	8,838.54	
Telegraph and telephone operation	511,365.15	408,138.52	103,226.63	
Stationery and printing	161,127.13	180,271.37		$ 19,144.24
Other expenses	54,282.34	24,853.62	29,428.72	
Operating joint tracks and facilities—Dr.	419,709.44	379,530.84	40,178.60	
Operating joint tracks and facilities—Cr.	Cr. 285,679.53	Cr. 242,245.94		43,433.59
Insurance	38,637.69	25,380.73	13,256.96	
Clearing wrecks	94,004.41	92,852.82	1,151.59	
Damage to property	122,309.59	84,006.04	38,303.55	
Damage to live stock on right-of-way	90,425.37	78,593.32	11,832.05	
Loss and damage—Freight	919,866.45	669,761.69	250,104.76	
Loss and damage—Baggage	6,812.34	1,625.09	5,187.25	
Injuries to persons	668,102.88	424,350.11	243,752.77	
Total transportation	$ 55,805,742.86	$ 46,267,051.38	$ 9,538,691.48	
MISCELLANEOUS OPERATIONS				
Dining and buffet service	$ 2,224,966.38	$ 1,646,426.03	$ 578,540.35	
Hotels and restaurants	95,408.23	84,503.84	10,904.39	
Stockyards	418,671.03	319,464.33	99,206.70	
Producing power sold	60,988.69	43,479.83	17,508.86	
Total miscellaneous operations	$ 2,800,034.33	$ 2,093,874.03	$ 706,160.30	
GENERAL				
Salaries and expenses of general officers	$ 253,431.84	$ 252,964.34	$ 467.50	
Salaries and expenses of clerks and attendants	2,394,107.00	1,923,252.62	470,854.38	
General office supplies and expenses	138,062.59	95,505.48	42,557.11	
Law expenses	223,723.20	201,820.34	21,902.86	
Insurance	1,161.34	1,188.72		$ 27.38
Relief department expenses	82,159.05	63,194.69	18,964.36	

GENERAL—Cont.				
Pensions	$ 105,505.85	$ 105,739.01		$ 233.16
Stationery and printing	77,500.97	64,681.44	$ 12,819.53	
Valuation expenses	4,348.58	3,452.64	895.94	
Other expenses	266,366.28	132,222.29	134,143.99	
General joint facilities —Dr	75,607.83	69,866.29	5,741.54	
General joint facilities —Cr	Cr. 254.56	Cr. 203.03		51.53
Total general	$ 3,621,719.97	$ 2,913,684.83	$ 708,035.14	
Total railway operating expenses	$123,559,336.34	$ 99,415,696.28	$ 24,143,640.06	
Operating Ratio	56.69	60.15		3.46
Net revenue from railway operations	$ 94,393,146.45	$ 65,873,628.96	$ 28,519,517.49	
Railway tax accruals	$ 55,573,643.74	$ 26,192,996.34	$ 29,380,647.40	
Railway operating income	$ 38,819,502.71	$ 39,680,632.62		$ 861,129.91
RENT INCOME				
Rent from equipment	$ 417,267.74	$ 438,999.60		$ 21,731.86
Joint facility rent income	618,221.20	607,116.26	$ 11,104.94	
Total rent income	$ 1,035,488.94	$ 1,046,115.86		$ 10,626.92
RENTS PAYABLE				
Rent for equipment	$ 1,589,624.98	$ 666,948.22	$ 922,676.76	
Joint facility rents	2,502,879.24	2,886,117.02		$ 383,237.78
Total rents payable	$ 4,092,504.22	$ 3,553,065.24	$ 539,438.98	
Net rents	Dr.$ 3,057,015.28	Dr.$ 2,506,949.38		$ 550,065.90
Net railway operating income	$ 35,762,487.43	$ 37,173,683.24		$ 1,411,195.81

Excess profits taxes accrued in 1943, $28,570,185.00. None in 1942.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1943	1942	Increase	Decrease
OTHER INCOME				
Income from lease of road and equipment	$ 166,589.57	$ 162,512.08	$ 4,077.49	
Miscellaneous rent income	463,919.58	494,126.82		$ 30,207.24
Miscellaneous nonoperating physical property	138,761.61	133,949.54	4,812.07	
Dividend income	264,522.80	207,164.30	57,358.50	
Income from funded securities	328,774.34	285,406.85	43,367.49	
Income from unfunded securities and accounts	149,135.82	64,965.35	84,170.47	
Release of premiums on funded debt	9,935.52	17,930.21		7,994.69
Miscellaneous income	16,755.77	10,277.00	6,478.77	
Total other income	$ 1,538,395.01	$ 1,376,332.15	$ 162,062.86	
Total income	$ 37,300,882.44	$ 38,550,015.39		$ 1,249,132.95
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 23,405.69	$ 11,420.22	$ 11,985.47	
Miscellaneous tax accruals	54,523.23	80,162.68		$ 25,639.45
Separately operated properties—Loss	8,960.76	5,719.79	3,240.97	
Miscellaneous income charges	13,986.65	5,345.00	8,641.65	
Total miscellaneous deductions	$ 100,876.33	$ 102,647.69		$ 1,771.36
Income available for fixed charges	$ 37,200,006.11	$ 38,447,367.70		$ 1,247,361.59
FIXED CHARGES				
Rent for leased roads and equipment	$ 95,867.60	$ 91,570.05	$ 4,297.55	
Interest on funded debt	8,708,549.76	9,268,118.69		$ 559,568.93
Interest on unfunded debt	15,161.50	290,672.57		275,511.07
Amortization of discount on funded debt	149,163.27	150,086.68		923.41
Total fixed charges	$ 8,968,742.13	$ 9,800,447.99		$ 831,705.86
Net income	$ 28,231,263.98	$ 28,646,919.71		$ 415,655.73
Dividend appropriations of income	$ 5,125,161.00	$ 5,125,161.00		
Balance of income transferred to earned surplus	$ 23,106,102.98	$ 23,521,758.71		$ 415,655.73

EARNED SURPLUS ACCOUNT YEAR ENDED DECEMBER 31, 1943

Item	CREDITS
Credit balance at beginning of year	$151,787,847.67*
Credit balance transferred from income	23,106,102.98
Miscellaneous credits	185,459.28
Total	$175,079,409.93
	DEBITS
Miscellaneous debits	$ 685,271.06
Credit balance carried to balance sheet	174,394,138.87
Total	$175,079,409.93

*Restated as of January 1, 1943 to conform with changes in I.C.C. classification.

Comparison with previous year cannot be made due to accounting changes ordered by the Interstate Commerce Commission, effective January 1, 1943.

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